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California Energy Commission

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August 8, 2012

California Energy Commission
Dockets Office, MS-4
Re: 12-EPIC-01
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Staff Workshop RE: First Triennial Investment Plan for Funds Administered by the California Energy Commission for the Electric Program Investment Charge Program.

Thank you for providing the opportunity to participate and comment on the proposed utilization of fund allocations from the Electric Program Investment Charge (EPIC) Program on August 2nd & 3rd. The forum proved informative and ReliOn is pleased to have been able to participate both via the web meeting and in person. We appreciate the opportunity to submit written comments for your consideration.

ReliOn is a U.S. manufacturer of fuel cell power systems with hundreds of hydrogen fuel cell systems installed in the State of California, resulting in substantial job creation for corporations in the State. Additionally, a significant percentage of ReliOn's ownership is held by California-based investment groups.

Currently, ReliOn is working with multiple customers in the California market which fully intended to apply for the Emerging Renewables Program (ERP) prior to its discontinuance and had selected California as the target market for new "green" technologies based primarily on the ERP program. The sudden expiration of the ERP program has now called into doubt these deployments targeted for the State of California.

ReliOn respectfully requests the Commission reconsider reinstating with modifications the Emerging Renewables Program utilizing the program guidelines issued in the Final Emerging Renewables Plan Guidebook, Twelfth Edition with funding provided from the EPIC program. The ERP program meets the critical objectives of the EPIC program outlined in the August 2nd and 3rd forum. Specifically, the benefits of the ERP program to the rate payer meet the following EPIC program objectives highlighted in the August forum:

- **Energy & Cost Savings:**
Utility operations are highly dependent on high availability commercial telecommunications networks. Consequently, a broad deployment of renewable backup power fuel cells at critical telecommunications locations results in a more reliable grid and ultimately in lower consumer rates as power is not purchased on the open market during emergency situations due to the increased reliability of these networks.
- **Grid Reliability:**
Reliable communications networks are critical to effective deployment of Smart Grid technologies as many of these new technologies are reliant on commercial telecom networks. Additionally, many utilities now depend on telecommunications networks for internal communications for normal operations and continued operations in outage conditions.
- **Job Creation:**
ReliOn has deployments pending totaling over 1,000 locations in the CA Market. The ERP incentive is a critical element in CA being a target market for these locations. With the ERP benefit in doubt, these deployments will shift to other states, resulting in a loss of jobs to California installation contractors, local jurisdictions which benefit from permitting and tax fees and jobs related to continued operation and maintenance of these systems.

- **Economic Benefits :**
The ERP program, if included in the EPIC program, has a direct impact to California jobs and increased tax revenue, as well as providing an established base of renewable fuel cells that allow for intelligent utilization of this asset in various Demand Response programs.
- **Environmental benefits:**
Private telecommunications networks are in the process of hardening their networks to ensure continued operation in outage conditions. With the benefit of the ERP program, many of these installations are being considered for deployment of renewable, non-polluting technologies. Without the benefit of the ERP program, operators are more likely to depend on traditional combustion technologies resulting in increased carbon emissions and potential ground water contamination risks or alternatively providing no extended backup solution at all increasing the likelihood of a loss of critical communications in an emergency.
- **Ratepayer return on investment:**
The ratepayers will directly benefit from a more reliable utility grid, increased reliability of the communications networks critical to the deployment of Smart Grid technologies as many of these technologies rely on private communication networks, and the added benefit of utilizing renewable technologies for Demand Response programs.

The guidelines under the ERP program were reviewed at length in 2011-2012 and modified several times to ensure that California rate payers achieved the maximum benefit for their investment in the ERP program. It would be beneficial to all parties to leverage this substantial effort in the continuance of the program in some form.

ReliOn recognizes the EPIC program goals are not to fund start-up technologies; rather it is designed to bridge the deployment of technologies from commercial product introduction to broader commercial deployment. The ERP program directly addresses this goal of the EPIC program. Understanding this, ReliOn recommends reactivation of the ERP program with EPIC funding utilizing financial incentives that are reduced over a multi-year period as new products gain traction in the market and require less support. Additionally, ReliOn recommends this program be utilized to address broad adoption of the technology and not be utilized solely for the benefit of a single corporate entity. As such ReliOn recommends the following:

- **Re-activation of the ERP program under the EPIC program with a reduced incentive under the Triennial:**
 - Year 1 (2013): existing benefit \$3/watt w/ renewable fuel
 - Year 2 (2014): \$2/watt w/ renewable fuel
 - Year 3 (2015): \$1/watt w/ renewable fuel
- **No single entity may claim more than 25% of the funding allocation.**
 - The ERP was created to "develop a self-sustaining market for renewable energy systems that supply on-site electricity needs across California."
 - It is not consistent with the original intent of the ERP and the follow on EPIC program to allocate all available funds for the programs toward a single project for a single applicant with a single manufacturer. A self-sustaining market includes multiple customers and suppliers. Capping the available funds for each participant ensures equitable distribution to the various California based end users customers that are California rate-payers.

These criteria will meet the intent of the EPIC program and foster broad adoption of renewable technologies benefitting the rate payers without fostering continued dependence on the incentives in the future.

ReliOn respectfully requests reissuance of the fuel cell incentives guidelines outlined in the California ERP program with the above additional criteria. Thank you for your consideration and the opportunity to provide written comments.

Best Regards,

Gary Flood
President & CEO